

# The Mentor

## State Employees:

Register now for spring retirement seminars! Contact your personnel department for details or visit our Web site at [www.sra.state.md.us](http://www.sra.state.md.us) to download a registration form.

Winter 2002

Vol. 24 • No. 1

News from the State Retirement & Pension System of Maryland

## Filing tax returns

Electronic filing of Maryland tax returns increased by 29% last year as more than half a million Maryland taxpayers found the process quick, easy and secure.

### E-FILING IS FAST.

- You get immediate confirmation that the Comptroller's Office received your return.
- Direct deposit of your refund can occur in as little as 48 hours.

### E-FILING IS CONVENIENT.

- File the 502, 503 or 123 **for free** on the Comptroller's web site.
- Owe taxes? Pay by check, electronic funds transfer (direct debit) or by credit card.

### E-FILING IS SAFE.

- If you use a tax professional, your return is sent through the IRS or state's privately secured network.
- On-line filers can also be assured of safety as most Internet sites are equipped to prevent unauthorized people from seeing the data sent.

### QUESTIONS?

You can find helpful information, download state tax forms and even file electronically when you visit the Comptroller's Web site at [www.marylandtaxes.com](http://www.marylandtaxes.com). For more information, call 410-260-7980 or toll-free 1-800-MD-TAXES. *M*

## Is your pension secure?

Over the past few weeks you may have read newspaper articles regarding the bankruptcy of Enron and wondered if it has any impact on you.

The State Retirement and Pension System (SRPS) invests in U.S. and international stocks. By Board policy, we are not allowed to invest more than 5% of our total holdings in any one company. Our portfolio is comprised of a great many stocks, which helps balance the ups and downs of each stock over time. As of the end of last year, our assets totaled \$28.4 billion.

We did own stock in Enron but the holdings amounted to only 1/10th of 1% of our total assets as of December 31, 2001. Think of it this way, if your total portfolio were worth \$10,000 and you had invested in Enron at the same rate as SRPS (1/10th of 1%), you would have lost only \$10 of your money.

Rest assured your benefits with us are safe now and for the future. Our diversified investment portfolio and prudent management of resources ensure that benefits will be paid to you when due. *M*

## Keep your beneficiary selection up to date

If you have experienced a change in your life — such as the arrival of a new family member, a marriage or divorce, or the death of a loved one — you may wish to update your beneficiary designation. Your designated beneficiaries are listed on your annual Personal Statement of Benefits.

To change your beneficiary(ies), obtain *Beneficiary Designation* (Form 4) from your retirement



coordinator and submit the form to the State Retirement Agency.

Your new designation will become effective as soon as it is received by the Agency.

It is your responsibility to keep your beneficiary designations up to date.

During membership, you may change your beneficiaries at any time by submitting a new Form 4.

Call 410-625-5555 or toll free 1-800-492-5909 for assistance. *M*

## In This Issue...

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# Leaving employment? Don't forget about your retirement account

If your career journey causes you to leave or interrupt your employment, don't forget about your retirement account. Even though you may not be ready to retire, you may be entitled to a benefit now or in the future. Several important concerns for members leaving employment are reviewed in the following list of frequently asked questions. All the forms mentioned are available through your personnel office.

## Q How can I get information about my retirement account?

*A* Your Personal Statement of Benefits is a good place to start. Distributed annually, it includes the name of your retirement plan, the number of months credited to your account and your estimated accrued benefit.

OR

Call the Retirement Agency at 410-625-5555 or toll-free at 1-800-492-5909 to access the State Retirement Agency's automated phone system or to talk to a retirement counselor.

OR

If you are going to be in Central Maryland, visit our offices in Baltimore City, 120 East Baltimore Street, 14th floor. Appointments are recommended, but not necessary.

## Q As a former employee, can I retire with full benefits?

*A* You may be eligible for service retirement (retirement with full benefits) if you meet the following general criteria:

- **Employees' and Teachers' Retirement System** - Age 60 or 30 years of retirement credit
- **Employees' and Teachers' Pension System** - Age 62 with at least five years of retirement credit or 30 years of retirement credit
- **Correctional Officers' Retirement System** - Age 55 for a correctional officer I-VI and age 60 for a maximum security attendant at Clifton T. Perkins Hospital Center. A correctional officer or maximum security attendant of any age may retire with 20 years of retirement credit, provided that the last five years have been in a position as an eligible correctional officer or maximum security attendant.
- **State Police Retirement System** - Age 50 or 22 years of retirement credit

- **Law Enforcement Officers' Pension System (LEOPS)** - Age 50 or 25 years of retirement credit
- **Local Fire and Police Pension System** - Age 62 (age 60 if transferred from the Employees' Retirement System) or 25 years of retirement credit

**How to Apply:** Complete and submit to the State Retirement Agency an application for an estimate of benefits followed by an application to retire.

## Q Am I eligible for early retirement?

*A* The early retirement benefit is a reduced benefit. You are eligible for early retirement if you meet the following eligibility requirements:

- **Employees' and Teachers' Retirement System** - 25 years of retirement credit regardless of age
- **Employees' and Teachers' Pension System** - Age 55 with at least 15 years of retirement credit
- **Correctional Officers' Retirement System** - No early retirement provision
- **State Police Retirement System** - No early retirement provision
- **LEOPS** - No early retirement provision
- **Local Fire and Police Pension System** - No early retirement provision

**How to Apply:** Complete and submit to the State Retirement Agency an application for an estimate of benefits followed by an application to retire.

## Q Am I vested? What does it mean to be vested?

*A* Upon earning five years of eligibility service credit, a member becomes *vested*, meaning that he or she is eligible

for a future benefit. As an active member, you should be aware that your accumulated benefits are protected if you leave the State Retirement and Pension System (SRPS) and are vested. Once vested, if you leave your job for any reason, you are guaranteed to receive a future benefit for the years and months of service earned before termination. Withdrawing your accumulated contributions may affect your eligibility for a future benefit. Review the next question for more information. Vested benefits are payable when you reach the retirement age for your System.

**How to Apply:** No application is necessary for a vested benefit. Just keep the Retirement Agency apprised of any address changes. This will help to ensure any information concerning your benefits will reach you.

**Note:** You cannot receive retirement credit for unused sick leave under a vested retirement. Also, a vested retirement may affect your eligibility for health insurance. Check with your personnel department for details.

## Q Should I withdraw my accumulated contributions?

*A* Members of the Employees' and Teachers' Contributory Pension System and Modified Law Enforcement Officers' Pension System who elect to withdraw their accumulated contributions lose all of the accrued retirement service credit in their accounts, thus forfeiting any future retirement benefits. Withdrawal rules vary for other plans.

Because a withdrawal of contributions may result in a loss of future benefits, members are advised to contact a retirement counselor at 410-625-5555 or toll-free 1-800-492-5909 before submitting a withdrawal application.

## Q Can I apply my unused sick leave to my retirement account?

*A* You may receive retirement credit for unused sick leave *only* if you can retire immediately upon terminating employment. Otherwise, you do not receive retirement credit for your unused sick leave.

**Note:** Unused sick leave cannot be used to *qualify* for a benefit.

## Q I've been working less than five years. Are there any future benefits for me?

*A* For members of a Pension System (e.g., Employees' and Teachers' Pension System, Law Enforcement Officers' Pension System, and Local Fire and Police Pension System), it is possible that you may have accumulated five years of eligibility service credit and are vested *even if you've worked less than five years*. This is because Pension System members earn one full year of eligibility service during any fiscal year in which they work a minimum of 500 regular hours, excluding overtime. Call the Retirement Agency if you're not sure how much credit you've earned.

## Q I am in the Employees' and Teachers' Retirement System. If I terminate employment, can I transfer to the Employees' and Teachers' Pension System?

*A* Yes, but time limits apply. If you're a member of the Teacher's Retirement System, you may transfer up to five years after termination. All other Retirement System members have three years after termination in which to transfer. If you transfer within your time limit, you will receive the special transfer rate on your contributions. For 2002 this rate is 10.21794%. Transfers made after those time limits receive

the normal interest rate of 4%. Upon transfer, your benefits will be computed under the Non-Contributory (original) Pension System.

You will not be eligible for benefits under the Contributory Pension System (created through legislation in 1998). Also, because part-time employment in the Pension System earns part-time credit, any part-time employment in your Retirement System account at time of transfer will be recomputed as part-time credit.

**How to Apply:** Call the Retirement Agency to request a transfer packet.

## Q I am a member of the Employees' Retirement (or Pension) System. I was promoted in the unclassified service before July 1982 and have remained so until now. Am I entitled to any benefit?

*A* This is a special circumstance. If you think this applies to you, call the Retirement Agency for specific instructions.

## Q What happens if I'm reemployed?

*A* If you **do not retire** and accept work with a participating employer (an employer that offers SRPS benefits), you will become a member of the applicable SRPS plan. The particular plan you join will be determined at that time based on your new position and the length of your separation. A transfer of service credit to your new plan may be possible under limited circumstances.

If you **do retire** and return to permanent employment with a participating employer, you will continue to receive your monthly retirement allowance, subject to certain earnings limits. If you exceed your earnings limit, your retirement allowance will be reduced. A retiree who accepts permanent employment with a participating employer will *not* be re-enrolled in SRPS. Special reemployment provisions exist for mem-

bers of the Employees' and Teachers' Retirement and Pension Systems, State Police and Law Enforcement Officers' Systems.

## Q Can I apply for disability benefits?

*A* In addition to meeting the disability criteria, there are certain filing deadlines that must be met when applying for ordinary or accidental disability. Generally, members must apply while on payroll *or* within the appropriate time limit, as follows:

- **Teachers' Retirement System** - Within five years of leaving employment
- **Employees' and Teachers' Contributory Pension System** - Within four years of leaving employment
- **Modified LEOPS** - Within four years of leaving employment
- **Most other plans** - Within three years of leaving employment

Basic eligibility criteria for disability benefits are as follows:

*You may be eligible to file for **ordinary** disability if you are:* Permanently and totally disabled after attaining a minimum of five years of service. Remember, there are filing deadlines.

*You may be eligible to file for **accidental** disability if you are:* Permanently and totally disabled as a direct result of an on-the-job accident that occurred within the last five years. (This filing deadline does not apply for the State Police, Correctional Officers' and Law Enforcement Officers' Systems.) There is no service requirement.

**How to Apply:** Complete and submit to the State Retirement Agency a *Statement of Disability* (Form 20), a *Preliminary Application for Disability Retirement* (Form 129), your job description, pertinent medical records and, for accidental disability claims, your employer's first report of injury. *M*

# Retiring can be easy when you follow the steps

**M**embers planning to retire within the next 12 months should now be taking specific steps toward that goal. The checklist printed below provides a general timetable for retirement preparation for members of the Employees' and Teachers' Retirement System and Contributory and Non-Contributory Pension System. This schedule shows the best time to begin filing some of the required forms and making the necessary contacts with the Retirement Agency.

## One to three years prior to retirement

- ❑ Attend one of the Retirement Agency's pre-retirement seminars. Contact the Retirement Agency or your personnel department for details. Seminars are conducted annually in the spring and fall.

## Twelve months prior to retirement

- ❑ Request an *Application for an Estimate of Benefits* (Form 9). Select all of the option choices to obtain information on each of the various payment plans. Keep in mind that this form is not a retirement application. It is designed for planning purposes only.

*Note:* You may request an estimate only during the 12 months prior to your planned retirement date.

- ❑ To apply to purchase any eligible service, obtain a *Request to Purchase Previous Service* (Form 26) along with your request for an estimate.
- ❑ To apply for any eligible military credit, request a *Claim of Retirement Credit for Active Duty Military Service* (Form 43).
- ❑ Contact the nearest Social Security office for an estimate of your Social Security benefits. You can obtain an estimate request form by calling the Social Security Administration at 1-800-772-1213.

## Six months prior to retirement

- ❑ If desired, schedule an appointment with a retirement counselor to review your estimated benefits. It is recommended that you bring a copy of your latest estimate so you and your counselor can discuss this information at the meeting.
- ❑ Discuss your estimated benefits/options with your family and financial advisor.
- ❑ Contact your personnel office to inquire if you may continue employer-provided benefits, such as health insurance, after retiring.
- ❑ Obtain proof of birth for beneficiary(ies).
- ❑ Prepare a retirement budget, estimating your retirement expenses against your State pension benefit, Social Security and any other income.
- ❑ Undergo a complete medical check-up.
- ❑ Update or prepare a will.

## Three months prior to retirement

- ❑ Contact Social Security to file for benefits (if age 62 or older).

## Two months prior to retirement

- ❑ Contact your personnel office and file your actual retirement application, *Application for Service or Disability Retirement* (Form 13/23).
- ❑ Provide proof of birth for designated beneficiary (for allowance option 2, 3, 5 or 6).
- ❑ If eligible, complete authorization forms to continue your health coverage and any other benefits provided by your employer.
- ❑ Complete an *Electronic Fund Transfer Sign-Up* (Form 85) for the electronic transmission (direct deposit) of your payment to your bank, savings institution or credit union.

*Note:* Direct deposit is now mandatory for all new retirees. In rare cases, a member, who believes that direct deposit would pose an undue hardship, may request a waiver from the executive director of the Retirement Agency. **If your completed Form 85 or waiver is not on file with the Agency, a suspension of your retirement benefit could result!** When you retire, your first benefit check(s) may be delivered to your home address while your Form 85 is being processed.

- ❑ Complete *Re-employment After Retirement* (Form 127) to acknowledge an understanding of the consequences of reentering the workforce (mandatory).
- ❑ Complete a *Federal and Maryland State Tax Withholding Request* (Form 766).

## One month prior to retirement

- ❑ Submit a formal letter of retirement to your employer. *M*

**The Mentor** is published by the State Retirement Agency, 120 East Baltimore Street, Baltimore, Maryland 21202-6700.

Address inquiries to the Agency office at this address, or telephone 410-625-5555 or 1-800-492-5909.  
[www.sra.state.md.us](http://www.sra.state.md.us)

### Volume 24, Number 1

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